[SHRI CHIMANBHAI MEHTA]. they are not serious. When we organised Bundh in Hyderabad, they said that was a wastage of money. But, when they organised Bundhs, then it is not a wastage of money and resources. So, everwhere double-standard is going on. We must put a stop to it. I thank you for giving me this opportunity to speak. I have written a letter about this also to all those concerned. It is not a personal question which is important. What is important is how to curb this atmosphere of violence. We have to think about it.

STATEMENT BY MINISTER

Re Amendment to Direct Tax Laws and The Wealth (Inheritance) Duty Bill, 1988

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (**Shri Ajit Panja**) : Madam, the Hon'ble Members will kindly recall that the then Finance Minister during his Budget Speech in February this year, expressed his intention to reconsider some of the provisions of the Direct Tax Laws (Amendment) Act, 1987 to redress genuine grievance, taking into account the various representations and suggestions received by the Government. In particular, he had referred to the proposed new system of assessment of partnership firms, the levy of additional tax at 30 per cent in certain cases, the new provisions relating to charitable trusts and organisations as well as institutions engaged in scientific research and the provisions relating to reopening of assessments. However, considering the work required to be done in this regard and to remove uncertainty relating to assessment of firms on 30th March, 1988, it was announced that the new provisions relating to the partnership firms will come into operation from the assessment year 1990-91.

It was expected that legislation in respect of all these matters would be introduced in the Monsoon Session of the Parliament. However, because of the large number of representations that have been received relating to the amendments made by the Direct Tax Laws (Amendment) Act, 1987, issues raised during discussions with the associating representatives of the Chambers of Commerce/trade associations etc., Government's anxiety to ensure that due consideration is given to the various difficulties that have been brought to our notice, the Government has not been in a position to bring forth the new legislation in the current Session of the Parliament as expected.

The accounting period to which the new provisions would apply has already started with effect from 1st April, 1988. Since the drafting of the Bill containing various amendments is likely to take a little more time and since the delay has created some uncertainty for religious and charitable trusts, voluntary organisations and scientific research institutions etc., the Government has decided that the position in respect of such institutions should continue to be the same till 31-3-1990 as it was before the Direct Tax Laws (Amendment) Act, 1987. In other words, the provisions as introduced by the Direct Tax Laws (Amendment) Act, 1987, unless further amended, would apply to such institutions also, as in the case of partnerships with effect from 1-4-1990, i.e. the assessment year 1990-91. The effect of this would be that till this period, the provisions of the Income-tax Act, 1961, which stand omitted or amended with effect from 1-4-1989 would continue to operate for and upto the assessment year 1989-90. No postponement regarding the other two matters, i.e., those relating to additional tax and re-opening of assessments is necessary at this stage.

During the Budget session, the then Finance Minister or while introducing the Fiance Bill, 1988, for consideration had announced certain additional tax incentives and concessions. These were,—

(i) Exclusion of the income of the exporters from exports and the State Electricity Boards and other companies engaged in the generation and distribution of electric power from the purview of section 115J.

(ii) Extension of benefit of section 80HHC with certain restrictions to foreign exchange earnings of hotels, travel agencies, tour operators etc.

(iii) Introduction of the investment allowance as an option to the existing Investment Deposit Account Scheme.

Besides, it is also proposed to make certain further amendments to attract remittances in foreign exchange by the offshore funds, and for investment in Mutual Fund in India by Non-Resident Indians in non-repatriable bonds. The Government has also decided to extend the concession by way of deduction under section 80U presently avaiable to blind and physically handicapped residents to persons who are mentally ill or handicapped as well.

With a view to avoiding the introduction of piecemeal amendments to the Direct Tax Laws, I seek he indulgance of this House for introducing all the amendments together in the Winter Session of Parliament. In the meantime, taxpayers can take into account the effect of the incentives and concessions already announced during the Budget Session in formulaing their plans.

In the Budget Session of Parliament, the then Finance Minister had announced that the Government have decided to levy tax on the transfer of wealth through inheritance which will be applicable to all wealth-tax assessees. The tax is to be levied in respect of assets subjected to wealth-tax. A Bill in this regard was to be introduced in the Budget Session. However, the work relating to this Bill, which is of a unique nature, took more time than was expected by the Government and though its shape has been worked out, the draft of the Bill needs final touching up. Therefore, this Bill will also be introduced in the Winter Session of the Parliament.

SHRI SANTOSH BAGRODIA (Rajasthan): Madam Deputy Chairman, I would like to seek a few clarifications from the Hon. Minister, through you. The Minister has just now said and I am just reading a portion of the last paragraph of his statement. "However, the work relating to this Bill, which is of unique nature....." I will request the Minister if he can differentiate between the estate duty and the transfer of wealth through inheritance tax and what is the uniqueness in this Bill. It will help us to think over the Bill further when it is presented to Parliament. The second clarification which I would like to seek from the Hon. Minister is that there was a long-term financial policy announced by the then Finance Minister, about three years ago, when it was said that the income-tax is going to be reduced and also rationalised every year. But actually it has not been done last year probably due to unprecedented drought in the country. But this year, God has been kind enough and there is plenty of rain in the country. I would like to know whether the Government is planning to reduce and rationalise the direct taxes in the coming year and stick to the long-term financial policy which was made or the planning which was announced in Parliament.

Lastly, I want to thank the Minister for assuring the tax payers to take into account the benefits already announced but not yet legalised.

SHRI RAOOF VALIULLAH (Gujarat): Madam Deputy Chairman, I welcome the statement made by the hon. Minister of State for Finance regarding amendments to Direct Tax Laws and the Wealth (Inheritance) Duty Bill, 1988. I am very happy to note that the Government is clear in its intentions to redress the genuine grievances of the tax payers and various representations which were made to the Government are being seriously considered. I would like to know from the Hon. Minister one thing. He has nowhere mentioned that it was an assurance by the Government that the Bill will come in the Monsoon Session. The Minister has mentioned that it was expected that legislation in respect of these matters will be brought, I think, in the first answer to a question in this House, it was an assurance

[Shri Raoof Valiullah (Gujarat)]

and I would therefore request the Hon. Minister that without fail, the Amendment Bill must be brought in the Winter Session.

The last clarification that I wanted to seek is that all the assurances given in the Government's long term fiscal policy must be adhered to. It was unfortunate that in the Bill which came as an amendment Bill last year, the Government went against its assurances in the long-term fiscal policy. I would request the Hon. Minister to stick to whatever it has already assured in the long term fiscal policy and the last point is that before finalising the amendments in the Direct Tax Laws, the associations, the chambers of commerce and the individual members, who had submitted memoranda and suggestions, may also be once again taken into confidence before the final Bill is drafted and put before Parliament.

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): Madam Deputy Chairman, I congratulate the Hon. Minister on his extending the concessions granted to partnership firms to charitable institutions and trusts. This is a welcome step taken. The Hon. Minister has stated that he is going to come up with a Bill in the Winter Session. Madam, the Winter Session of Parliament is to be followed by the Budget Session. If the new Finance Minister wants to incorporate some such thing in the Budget which may necessitate changing it again, would it not be anomalous for the Hon. Minister to bring up a Bill in the Winter Session and then get it changed in the Budget Session? I would suggest this. I may be wrong. The Hon. Minister will clarify. Why should he not bring it in the Budget Session itself and in the meantime extend the concessions announced by such reasonable time as he may deem necessary? This is my first point for clarification.

The second point is. The Minister has stated that no postponement regarding the other two matters, that is, the matters relating to additional tax and the reopening of assessments, is necessary at this stage. Even a protagonist of the Bill like Mr. Jagesh Desai has characterised the reopening of assessments as provided in the Amendment as an obnoxious provision. I can understand that it is not possible for him to announce that he will not have anything to do with the reopening of assessments. But, informally, is it not better that non-reopening of assessments is taken into consideration and instructions issued to the Central Board of Direct Taxes that this provision should not be implemented in the way it has been stipulated?

With these words, I once again congratulate the Hon. Minister on bringing out this clarification.

SHRI JAGESH DESAI (Maharashtra): Madam Deputy Chairman, I am happy that the Government has now decided that some of the provisions will also be applicable from the assessment year 1990-91. But I would like the seek the following clarifications from the Hon. Minister.

In the Budget it was mentioned that tax would be levied on transfer of wealth. About six months have passed. When resources are to be generated, the Government is not very active. I do not know why it should take six months for drafting the legislation. We are losing income. We want resources and the Government is silent. I do not know why the Government is not coming up with the legislation for tax on transfer of wealth. I said even at that time, during the discussion, that that tax which you were going to levy would only be applicable to those who had to pay wealth tax. That means those who have to pay no wealth tax will not have to pay any tax on transfer of wealth. It was said that it was a compromise in some way with the Estate Duty Act. I would like to urge upon the Government that here also we should put some limit.

So, it should be applicable if it is more than one lakh or two lakhs. Here you say, "If it is applicable to wealth-tax payers and then only.....". I think the Government must have second thoughts on this; otherwise you are not going to get any revenue from this. Secondly, this

amount which you are getting by way of tax must be transferred to State Governments as it was done in the case of estate duty; otherwise State Governments will lose that aspect. Regarding penalty provisions they are very harsh. Even a small assessee who deducts tax from the revenue he earns, for example, for interest, if he does not deduct tax and pay it to Government, then there is imprisonment. At that time also I suggested that small assessees should not be harassed, small assessees should not be put behind bars. There should be some kind of limit in regard to the tax collected. Only if it is more than Rs. 5000, only in such cases you should have that kind of provision; otherwise, the small people will be affected.

Secondly, in regard to 30 per cent additional tax there is opposition from all sections of people. I warn the Government, though the provisions are not harsh, yet some persons are saying that 30 per cent additional tax is a great hardship. I feel that Government should drop this; the earlier provisions provide sufficient penalty. And if that is done, the people who are now agitating will come to their senses. In the earlier Act the penalty was up to 200 per cent. Now it is only 30 per cent. Even then they raise objection! So I request the Government that this 30 per cent should be retained; revenue will still be there. Those who are concealing their income will come to their senses.

As far as transfer of wealth-tax is concerned, I think Government should come immediately. Discussions were held earlier with trade and associations, with chambers of commerce and even then Government has not come to any conclusion. I think Government must bring that Bill. They were to bring the Bill in the Monsoon Session, they failed. They have failed in the last session also to bring the Bill. I do not know what pressure of the big monopoly houses Government has come under and that is why Government has not come with that Bill. If you want to give concessions to the big monopoly houses we are not prepared to accept that proposition. We must generate resources and Government must take up that Direct Taxes Amendment Bill as soon as possible in the next session. I would like to know the view of the Government on this.

SHRI AJIT PANJA: I am thankful to the Members who have made certain comments. First of all, Mr. Desai's apprehension that big monopoly houses are standing in the way is not correct. In fact, we have had two closed dialogues in which Mr. Desai also has taken part and he knows the reasons for the delay. The delay was caused because of detailed consideration of the various suggestions. We have had dialogues with Mr. Desai and also other Honourable Members. There are many aspects of uniqueness. I only need to point out one or two. One is, it is more simplified now. Secondly, the lacunae that were there in the old Act have been removed now. And the manner in which the whole thing has to be done is being worked out. That is why I said a share has been given. There will be no problem of evaluation. These are some of the ideas I have given. These have not been firmed up yet. I can tell Honourable Members evaluation will not be affected, the same evaluation will be adopted as it was adopted for wealth-tax purposes. So there are the unique features which have been brought. Whether income-tax will be reduced, etc., I cannot make any statement on that at this stage. The second point of the first speaker I am not really touching. Other Honourable Members said that there was an assurance.

In fact, the then Finance Minister stated that in view of the large number of representations received in writing and also because many people wanted to see us for making representations, they were trying for this Monsoon Session. But I have not seen any debate in which a definite assurance has been given. But even then, taking it that we had given a word to this House and also to the Lok Sabha, I have come forward with this statement asking for the indulgence of the House to

go into the details of the other proposals that have been brought in and to bring in the Winter Session.

So far as the Long-Term Fiscal Policy which has been laid down is concerned, many points have come, as I said last time during the Budget discussion, and, in fact, many points are still pouring in and some of the assessees and some associations have sent us points and we have kept ourselves open to consider them and also the suggestions of the Honourable Members. We are still open and still there is time. If any honourable has got any other suggestion, we are certainly willing to look into those suggesitons so that, when the final shape is given, it touches all the point as far as possible.

With regard to the question whether it should be brought in the Winter Session or in the Budget Session for the purpose of convenience, as pointed out by the veteran Honourable Member, I shall certainly take note of it and discuss it with the Finance Minister what the repercussions are that will be caused if we bring it during the Winter Session or whether should be done during the Budget Session. This is certainly a point to be looked into and we will go into this.

On the question of six months, so far as the reepal of the previous Act is concerned, Desaiji has commented. Again, as earlier, various suggestions are coming in and as stated by the then Finance Minister —still I am also stating—this being a fiscal statement and being a matter on which we want to hear as much as possible and as many people as possible, we have not kept ourselves closed. Even last week many people came and while coming for their individual cases, they are discussing this and give us points. Therefore, this is time-consuming and it is taking time. Even though this takes time, these are all matters where detailed consideration is to be given as far as possible by the Government and that is why I have made the statement that so far as this question is concerned, we could not do it. I repeat and I want to assure the House that the question of any big monopoly house interfering with us does not arise. We are looking into the small partnership firms which are giving their versions and we are looking into the versions of the other people, who are salaried people and who make representations. Those are being considered. Thank you, Madam.

FOREST (CONSERVATION) AMENDMENT BILL, 1987

THE MINISTER OF ENVIRONMENT AND FORESTS (SHRI Z. R. ANSARI): Madam, I beg to move :

> "That the Bill to amend the Forest (Conservation) Act, 1980, be taken into consideration."

As the Honourable Members are aware, the Forest (Conservation) Act, 1980 was passed at the initiative of our former Prime Minister, Shrimati Indira Gandhi, after the enormous deforestation which had occurred in our country due to various factors had been noticed.

[THE Vice-Chairman (Shri Jagesh Desai) in the Chair]

About 45 million hectares were lost between 1951-52 and 1979-80. The State Governments could not exercise control over such diversion of forest lands for non-forest purposes. The extensive diversion had a great adverse effect on the environment in our country, causing soil erosion, silting of reservoirs, lakes, rivers, channels, etc. and recurrence of floods and drought. In addition, the rural poor are affected as their biomass needs become enormous.

The Forest Conservation Act, 1980, has a very salutary effect on the rate of development of forest lands for non-forest purposes. The annual diversion came down to 15000 hectares from 1.5 hectares prior to the coming into force of this Act. Guidelines have been issued from time to time for the implementation of this Act. But some lacunae have come to our notice during the last 8 years. Some attempts